

SEATTLE NEEDS RENT CONTROL



FAQ

April 2019

The cost of renting a home is a crucial determinant of living standards for working people. With homeownership increasingly less affordable for working people, especially young people, half of Seattle is renting. Seattle is not alone, with every metropolitan region in the nation seeing a dramatic increase in the proportion of renting households. Oregon just passed a rent control law, and Colorado renters are fighting to lift the statewide ban on rent control as this FAQ goes to print.

Since 2016, Seattle has been [the construction crane capital of the nation](#) for four years running. But with almost all of the existing and new rental homes in the hands of the for-profit market, the construction boom has not resulted in greater or even stabilized affordability.

As a matter of fact, rents in the Greater Seattle area [skyrocketed by 69 percent](#) between 2010 and 2018. In total, rents have gone up 155 percent in the two

decades since 1998. Data from 2017 show that nearly 23,000 low-income households in Seattle were [paying more than half of their income in rent](#)!

A clear effect of the sky-high rents in Seattle is the rapid economic eviction and displacement of working people. [Unaffordable rents are also implicated in the homelessness crisis](#).

*There is strong agreement among working people throughout the city that the political establishment has failed to address the unprecedented housing affordability crisis and homelessness. **We need a bold and comprehensive approach to match the scale of the problem, a policy program that puts people over profit.** The for-profit market, dominated by real estate speculators, corporate developers, and big landlords, has failed us.*

In addition to rent control, we also need to tax the rich, and big businesses like Amazon to fund a massive expansion of social housing (publicly-owned, permanently-affordable homes) and to fully fund homeless services. Our movement also needs to continue our ongoing successful fight for a full renters bill of rights.

Below are responses to some frequently asked questions regarding rent control, why we need to fight for it, and what other policies are needed to make housing in Seattle affordable for all.



Councilmember
Kshama Sawant
@cmkshama kshama.sawant@seattle.gov 206-684-8016

Isn't it all simply about supply and demand? Won't rents come down by building more units?

We are told that we need only rely on the so-called “free market,” in other words, the for-profit market. Let financial speculators and corporate developers determine new construction, let the supply of market-rate rental apartments increase. And at some point, magically, rents will come down and create housing affordability.

However, none of the proponents of this trickle-down theory have ever been able to offer so much as a rough estimate of how many homes would have to be built by the for-profit market for housing to become affordable to the majority. We are asked to go on faith.

Why, with construction booming, are rents on new units so high, and rents on existing units experiencing out of control increases?

The for-profit construction boom has resulted in the perversion wherein working families who want to live in Seattle are forced out due to unaffordable rents, while the city's apartments have a 10 percent vacancy rate. The logic of the for-profit market implies that it is more profitable for the capitalist class to have rental apartments vacant for extended periods than to bring down rents such that they are affordable to working people.

As the housing crisis worsens and the city's political establishment gets increasingly called out for it, even corporate media are having to openly acknowledge that under a for-profit regime, [“rents are never going to plummet back to the days when you could get a sweet spot on Capitol Hill for a thousand bucks a month. It might be wishful thinking to hope for rents to drop more than a little, since that virtually never happens.”](#)

I have heard politicians talk a lot about the Mandatory Housing Affordability (MHA) program. They say we just need to upzone our city to create affordability. Isn't MHA upzoning enough?

The MHA program generates a small number of affordable homes, through allowing for-profit developers to increase the height of buildings in return for providing some affordability. Every new affordable home is important. But because MHA

relies on what is acceptable to big business, the amount of affordability eked out is sparse. There is to date no accounting of the existing affordable homes that are being lost as a result of the demolitions and renovations (with or without MHA).

Upzoning and increased density is necessary in order to expand urban housing and increase sustainability, but upzoning in itself, even through MHA, is obviously not going to make a dent in the serious crisis. We need rent control, and a massive expansion of social housing, funded by taxing Amazon and other big businesses.

Why fight for rent control, when we know the landlord lobby and big business are opposed to it? Isn't it more effective to bring the corporate real estate lobby, developers, and big banks to the table in a friendly discussion and urge them to bring rents down?

Rent and rent increases are determined by the relative balance of political power between renters and the real estate ruling class. Much the same way that wages (like the \$15/hour minimum wage) and working conditions are a reflection of how much power workers have, including whether or not they have a union, and whether or not they have the courage to go on strike if necessary.

In the absence of substantial tenant protections, rents tend to not only increase in a high-demand market, but to increase dramatically. This is the price gouging of renters.

When does this price gouging occur?

When corporate developers and landlords can get away with it. This opportunity to jack up rents means that tenants residing in affordable units experience massive rent increases, which implies economic eviction. After the tenants are driven out, the previously affordable units are renovated, sometimes even minimally, and then rented for two or three times the original rents.

Sightline [explains this from the profiteer's standpoint](#): “The rule is simple: the rent pays for everything [interest to the banks and lenders, land, construction, operations expenses]. Investors and lenders won't put money [unless they get a sizable

profit rate, like at least 5.8%]. It follows that the rent [is total] cost multiplied by 5.8 percent."

Sightline go on to point out that **if real estate investors were willing to accept a lower profit margin, like 2 percent, rents could be cut in half!** And they are forced to admit that affordability is not going to come from profit-driven investors: *"Are there people or institutions with billions of dollars to invest who are willing to accept dramatically lower returns? It seems unlikely."*

As long as housing is a commodity for making eye-popping profits for the capitalists, the housing crisis will never be solved, and will be exacerbated.

Why rent control and what does it mean?

Price gouging is not inevitable. It happens in the absence of a movement that can win real protections for tenants in the form of regulation on rent increases, just like worker exploitation happens in the absence of a legally-mandated minimum wage, sick leave, or workplace protections. That's where rent control comes in.

By rent control, we mean linking rent increases to inflation.

Unlike other components of an affordable housing plan, rent control, when broadly applied, can have an immediate impact on the housing market. Berlin, Germany introduced its own version of rent control in 2015, and within one month [the law was already bringing down costs](#).

But rent control was banned by the Washington State Legislature. We can't win rent control anyway, so why even discuss it?

In response to grassroots organizing on rent control in the 1970s, the real estate lobby, with the loyalty of both the Democratic and Republican parties, succeeded in passing a statewide ban on rent control in 1981, which banned cities like Seattle from carrying out rent control.

"No city or town of any class may enact, maintain, or enforce ordinances or other provisions which regulate the amount of rent to be charged" - RCW 32.21.830

The Democratic Party currently has a majority in both the State House and Senate, along with the

Governor's mansion. Yet, they did not even propose to lift the ban on rent control this legislative session. There is nothing blocking the state government from lifting that ban today, except that the Democratic establishment is beholden to corporate real estate interests.

We cannot wait for the Democratic politicians in Olympia to act, and keep giving Seattle's Democratic establishment that perennial excuse for inaction. Building a fighting movement to win rent control in Seattle - effective the moment the state ban is repealed - will put immense pressure on Olympia to repeal the ban. They will no longer be able to pass the buck. This will also clarify what our movement means by "rent control." But we will need to build a serious, fighting movement.

Rent controls are most needed in areas with runaway prices, which are typically localized metropolitan regions such as cities or counties. So the real estate lobby has always viciously fought rent control. We know from the outset that this will be a big fight!

Won't developers stop building new housing if there is rent control?

The claim that rent control reduces the quality and quantity of available housing is a myth perpetuated by the real estate lobby. As long as Seattle is growing as a metropolitan region and remains a job creation center, developers will have an incentive to build in Seattle because they can make profits. Rent control will be no more responsible for developers halting building than will a higher minimum wage cause job losses. New York City's ["two largest building booms took place"](#) during times of strict rent controls: the 1920s and the post-war period between 1947 and 1965." More recently, [UC Berkeley researchers have found](#) that "the six cities that had rent control in the Bay Area actually produced more housing units per capita than cities without rent control." Which means, not that rent control caused more development, but that rent control did not prevent new construction.

In addition to rent control, our movement also needs to fight for social housing, which would mean annual construction of new publicly-owned,

affordable homes, and also public-sector, unionized, living-wage construction and maintenance jobs.

Hasn't rent control caused rents to skyrocket in San Francisco?

Contrary to popular myth, rent control in San Francisco - or any other city that has had it - has been a veritable lifeline for the many tenants who would have been completely priced out of the city.

The problem facing rent-controlled cities in California is not rent control, but the the [destructive statewide Costa-Hawkins Act of 1995](#), by Democratic Senator Jim Costa and Republican Assemblymember Phil Hawkins, which introduced insidious corporate loopholes and strangled California cities from passing strong rent control laws.

One of the corporate loopholes introduced by Costa-Hawkins is known as “**vacancy decontrol**.” Vacancy decontrol allows landlords to abandon rent control and go back to market-rate rent when the current resident of a unit moves. This means the stock of housing under rent control steadily dwindles. When rent control is not broadly applied, the majority of a city's tenants aren't able to obtain rent-controlled homes.

The example of Boston illustrates the role of rent control all too well. When its rent control laws were eliminated in 1997, [apartment rates doubled](#) within the months that followed.

Wouldn't rent control lower the quality of available housing?

Slumlords thrive when tenants have to yet fight to shift the power imbalance. The only way to eliminate slumlords and badly maintained housing units is for renters to empower ourselves through getting organized into a movement, and fight for rent control, social housing, a strong Tenants' Bill of Rights, and strong enforcement.

In areas where the vacancy decontrol loophole prevails, landlords might allow housing to fall into disrepair to encourage tenants to move out. So, we need to build a movement strong enough to win rent control without corporate loopholes. Slumlords are not a product of rent control, but of low social

and political power of renters and working people versus corporate executives, real estate conglomerates, and the super-wealthy.

Isn't rent control an outdated concept?

Far from it. Oregon state just passed a rent control law! As this goes to print, Colorado renters rights movements are demanding that the state legislature repeal the ban on rent control. In August 2015, new rent controls [went into effect in Berlin](#), Germany, and rent control was passed in Richmond, California.

In addition, a recent 400-page nonpartisan study of the Los Angeles Rent Stabilization Ordinance from the California State University concluded that the law, which covers two-thirds of all rental properties, must be retained.

How can we win rent control?

Our council office will discuss and get feedback on this rent control policy with renters rights activists, working people, and labor unions this spring to build for a housing summit in July. This summer our movement will introduce this Rent Control Ordinance and the Economic Evictions Assistance Ordinance (which will help renters economically evicted until the rent control ban is overturned) together. We are tired of excuses from Seattle's establishment Democrats!

But winning the economic evictions assistance ordinance, not to mention the rent control ordinance, will require a powerful movement to win against what will inevitably be a vicious pushback from the corporate real estate lobby, aided by many politicians in City Hall. We will need determined, mass actions to change the balance of power in favor of renters to win this.

After our movement wins these policies in Seattle, the goal is to build mass protests for the next session of the legislature in Olympia to make it clear that working people are not willing to accept continued inaction on the severe affordable housing crisis, and demand serious solutions, not lip service.

Let us begin!